No. 03 1146 FEB 5 - 2003

In The

Supreme Court of the United States

SKIPPY INCORPORATED,

Petitioner,

v.

LIPTON INVESTMENTS, INCORPORATED, *et al.*,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Petition for Writ of Certiorari

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QUESTIONS PRESENTED

Petitioner Skippy, Inc., a Delaware corporation established in 1932 to hold and manage all of the assets of Percy Crosby, creator of the classic "Skippy" comic character, has been deprived of a hearing on the merits of whether Respondent Lipton's title in certain "Skippy" trademarks for peanut butter is fatally flawed due to the ruling in a 1933-1934 USPTO[1] opposition between Skippy, Inc. and a Lipton predecessor who was then seeking to register "Skippy" for peanut butter. In that opposition, the USPTO held in petitioner's favor based on its exclusive property right in its corporate name, Skippy, under §5b of the Trade-Mark Act of 1905 (App. 96) as interpreted by this Court in *American Steel Foundries, Inc. v. Robertson*, 269 US 372 (1926) and therefore refused to grant a trademark registration to Lipton's predecessor. The predecessor, at that time a small California-based company with limited sales, elected to defy the decision and invade plaintiff's property right by continuing to use "Skippy" on its peanut butter containers.

In 1947, after the Lanham Act became effective, the predecessor filed a new application in the USPTO to register "Skippy" for peanut butter, falsely alleging under oath that it believed itself to be the owner of the trademark by virtue of alleged use since 1933. The USPTO, which relies on and does not look behind such oaths as a matter of practice, and also does not review its prior decisions to check the veracity of such oaths,

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[1] "USPTO", as used herein encompasses the present United States Patent and Trademark Office and the same agency when its name was "United States Patent Office".

granted Registration 504,940 in 1948 and has subsequently granted further "Skippy" registrations spawned by that one.

In two of the proceedings below, the Court of Appeals for the Fourth Circuit affirmed, without hearing, the dismissals of complaints based on Federal Rule of Civil Procedure 12 (b)(6). These dismissals largely rest on alleged *res judicata* grounds which ignore that the challenged registrations were acquired by fraud and deceit. The questions presented are:

1. Do the public interest in the integrity of the Principal Register of Trademarks and the plain language of 15 U.S.C. §1064 (3)(App. 81) mandate that Petitioner be heard on the merits of whether Trademark Registration ("TR") 504,940 and its trademark progeny should be cancelled because (i) the mark was obtained by deliberate theft of Petitioner's corporate name immediately after receipt by its opponent of the January 9, 1934 USPTO opposition decision upholding Petitioner's exclusive property right in its own corporate name "Skippy" under §5 of the 1905 Trade-Mark Act and (ii) the registration of the mark resulted from the applicant's knowing concealment of this 1934 decision in the its 1947 application to the USPTO?

2. Does 15 U.S.C. §1123 (App. 93) bar USPTO adoption of any rule that restricts a person who believes he is damaged thereby from "at any time" (15 U.S.C. §1064) (App.81) seeking cancellation of a trademark registration on grounds set forth in paragraph (3) of the latter statute?

3. Was petitioner's complaint in #03-1085, seeking relief in equity from the district court's judgments in the 1980[2] and 1986[3] actions between the parties, improperly dismissed under Rule 12 (b)(6) as barred by the *res judicata* effect of those judgments, when the 1980 decision clearly recited facts showing that the trial judge was ignorant that the 1934 USPTO opposition decision referred to in his ruling was grounded on petitioner's exclusive property right in its corporate name and was itself entitled to *res judicata* effect against Respondent Lipton?

4. Is petitioner entitled to be heard on whether all respondents committed a fraud upon the district court in 1980 by (i) failing to acquaint the trial judge with a 1954 due diligence letter by one of respondents' counsel that describes the 1934 opposition proceeding by reference to the contents of its official file, (which file was destroyed in the USPTO in 1965 or 1966) (ii) burying the due diligence letter in some 1100 premarked documentary exhibits, admitted *en masse* without discussion, at the trial's end and (iii)

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[2] *Skippy, Inc. v. CPC Int'l, Inc.*, (App. 46) (E.D. VA. 1980); *aff'd* in part 674 F. 2d 209 (4th Cir. 1982); *cert den.*459 U.S.969(1982)

[3] CPC, Int'l, Inc. v. Skippy, Inc. 651 F. Supp 62 (E.D. VA 1986); injunction reversed in part, 214 F. 3d 456 (4th Cir 2000)

affirmatively and at least complicitly *mis*representing to the court that the 1934 opposition was a contest between a 1925 trademark registration owned by petitioner and the Lipton predecessor's application?

5. Did the Court of Appeals abuse its discretion, by refusing Petitioner's motion for temporary recall of its 1982 mandate, so as to permit it to enter, belatedly, the order mandated by 15 U.S.C. §1119(App. 91) to the USPTO, thereby implementing its own 1982 ruling that TR 504,940 is ineligible for incontestability because the 15 U.S.C. §1065 (App. 84) affidavit was false?

LIST OF ALL PARTIES BELOW

Skippy, Inc. is the sole plaintiff-appellant in all proceedings below.

Lipton Investments, Inc. is the sole defendant appellee in #03-1086 and in CA 80-250-A; (Record No 81-1043 (L). Lipton is also a co-defendant-appellee in #03-1085[4] CPC International, Inc. later metamorphosed into Bestfoods, Inc., and the resulting company was acquired in 2000 by Unilever, the Anglo-Dutch conglomerate. Lipton Investments, Inc. is a member of a group of companies who currently widely advertise themselves as the "Unilever-Bestfoods" family of companies. To make the facts herein as effortless as possible to follow, Petitioner has adopted the composite expression Corporate Respondent Group ("CRG") to encompass all of the various companies from Rosefield Packing Co., Ltd. to Lipton Investments, Inc., who became holders, at any time, of naked title in TR 504,940.

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[4] TR 504,940 was originally granted to the Rosefield Packing Co., Ltd. of Alameda, CA, a small company which merged into The Best Foods Co. in late 1954 or early 1955. The Best Foods Co. later merged with Corn Products Refining Co. and the so-merged company, under the name CPC International, Inc. was a participant in *Skippy, Inc. v. CPC Int'l, Inc.*, unofficially reported at 210 USPQ 589 and reproduced *infra*, (App.46), aff'd in part , 674 F. 2d 209 (4th Cir. 1982) *cert* denied,459 U.S.969 (1982); *CPC Int'l, Inc. v. Skippy*, 651 F. Supp 65 (E.D. Va 1986); injunction vacated in part,214 F.3d 456 (4th Cir. 2000) and *CPC Int'l v. Skippy, Inc.*, unofficially reported at 3 USPQ 2d 1456 and reproduced at App.46 (TTAB 1987).

William M. Webner, Esq.,is a co-defendant-appellee in #03-1085 Stephen M. Trattner, Esq., is a co-defendant-appellee in #03-1085 Best Foods, Inc., an originally named co-defendant-appellee in #03-1085 no longer exists as such, according to Lipton's counsel's filings in the court below.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6, petitioner Skippy, Inc., states:

a) It has no parent corporations

b) No publicly held company owns any of its stock

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CITATION OF OPINIONS AND ORDERS BELOW

In #03-1085 the district court's opinion and order are unreported; they are reproduced below at App.15-33. The affirmance by the court of appeals is also unreported and appears at App.1; the order refusing rehearing appears below at App.41.

In 03-1086 the opinion of the Trademark Trial and Appeal Board of the USPTO is unreported and appears at App.34. The district court's affirmance and order are also unreported and are reproduced at App.514. The affirmance by the court of appeals is unreported and appears at App.3; the order refusing rehearing appears at App. 43.

In C.A 80-250-A, Record No. 81-1043 (L), #80-250-A, the order of the court of appeals refusing temporary recall of its mandate is reproduced below at App. 45.

BASIS FOR JURISDICTION IN THIS COURT

Jurisdiction of the Court of Appeals in both actions is premised upon 15 U.S.C. §1121 (App. 92) and 28 U.S.C. §1291.

Jurisdiction of the Court of Appeals to set aside its 1982 mandate temporarily in order to fulfill an unfinished duty imposed by 15 U.S.C. §1119(App. 91) is implicit in 28 U.S.C. §1291.

The judgments in each of appeals #03-1085 and #03-1086 below were entered September 6, 2003 and timely petitions for rehearing were each denied on November 7, 2003.

The sole relief sought in #80-250-A, (Record No. 81-1043)(L) i.e. temporary recall of the 1982 mandate of the court of appeals for the purpose of entering an order to the Director of the USPTO as mandated by 15 U.S.C. §1119(App. 91) was refused in a final order dated December 22, 2003.

Jurisdiction of this Court is invoked under 28 U.S.C. §1254 (1) as to all proceedings sought to be reviewed herein.

STATUTES AND REGULATIONS INVOLVED

The statutes and regulations primarily involved in issues posed by the three proceedings to which this petition pertains are Section 5 of the 1905 Trademark Act, 15 U.S.C. §§1064, 1065, 1115, 1119, 1123; uncodified Lanham Act §46(a), Federal Rules of Civil Procedure 12(b)(6) and 60(b) and 37 C.F.R.§§2.106 and 2.114.

Because they are lengthy, they are printed in the Appendix hereto.

STATEMENT OF THE CASE

A. The 1934 Opposition

The centerpiece of Petitioner's right to relief is a 1934 USPTO opposition decision refusing CGR's *first* 1933 application to register "Skippy" as a trademark for peanut butter. As yet, no tribunal equipped with the facts concerning this opposition has considered and determined whether the decision necessarily bars the acquisition of any valid "Skippy" trademark by CGR.

Petitioner Skippy, Inc. was incorporated in Delaware on May 11, 1932 at the behest of Percy L. Crosby, the originator of a widely syndicated daily comic strip, "Skippy" featuring a distinctive, droll little boy, also named "Skippy"[5]. The comic strip was carried in leading newspapers all over the country from about 1923 to 1945. As of 1932, Mr. Crosby had licensed the use of the "Skippy" name and character as a trademark on a variety of goods, (children's clothing, toys, games, novelties and foods, including candy, ice cream, and bread, but not peanut butter). He had also written a "Skippy" novel, authorized a "Skippy" movie produced by Paramount Pictures Co., which won an Academy Award in 1931 for best direction and licensed a weekly "Skippy" radio program broadcast from Chicago and sponsored by the General Mills Co. cereal, "Wheaties", which was very popular among children.

Mr. Crosby, an artist, a cartoonist and a novelist, established Petitioner to act as the holder and management company for all licenses, contracts, copyrights, trademarks, real estate and other properties that were accumulated as a result of the exercise of his talents and energy. At the height of the Great Depression in 1935, the licensing of the "Skippy" name as a trademark for goods earned in the order of $160,000.00 per year.

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[5] The bulk of the facts in this statement appears in greater detail in the complaint in #03-1085, and they are presumed true pursuant to Federal Rule 12(b)(6). To a limited extent, facts presented herein have also been drawn from the attachments to the complaint in #03-1086.

CGR has never sought a license to use "Skippy" for peanut butter[6]. Petitioner opposed the 1933 CGR application to register "Skippy" as such a trademark and prevailed because of its exclusive property right in its corporate name, secured by §5b of the 1905 Trade-Mark Act, (App.96), as interpreted by this Court in *American Steel Foundries v. Robertson*,269 U.S.372 (1926).

The only surviving record known to Petitioner of what happened in the ensuing Opposition No. 13,134 appears in what the district court below correctly characterized as "an attorney's due diligence letter from 1954" (App. 39). The letter states that on July 14, 1954 that attorney both inspected the official opposition file, then available at the USPTO, and reported his findings in the letter. According to the letter, both parties were represented by counsel, CGR filed a motion to dismiss and waived filing an answer to the opposition, both parties filed briefs on the motion and a hearing was then held at which petitioner's counsel appeared and argued, but CGR's counsel did not attend. A decision was rendered on January 9, 1934 holding in petitioner's favor based on §5b (the Name Clause) of the 1905 Act, which became final when no appeal was taken.

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[6] Two different CGR chief executives have admitted under oath, however, that "Skippy" peanut butter was named after the cartoon character, one before the Food & Drug Administration in 1966, the other in a 1986 deposition. The 1966 testimony was not presented to the 1980 trial court and neither man's testimony was presented in the 1986 litigation.

CGR defied this final decision by brazenly continuing to sell peanut butter marked "Skippy" after being advised that it had no chance of winning an appeal.[7] CGR was at that time a very small entity and in financial trouble, engaged in selling its product (if at all) mainly in California. Its activities were largely unknown to petitioner, located on the East Coast, for much of the period 1934 to 1944. From about 1945, when the ongoing unauthorized use of the "Skippy" name became clear, to 1949, efforts were made to resolve the problem by negotiation or by a suit seeking an injunction, but these efforts were dropped after Mr. Crosby was involuntarily committed to a mental hospital, without hearing and without counsel, in January 1949.

The official USPTO file of Opposition 13,134 was destroyed by the agency in 1965 or 1966. No satisfactory explanation has ever been given. No effort to reconstitute the file has ever been made by the agency, despite many requests from petitioner's President after she learned of the importance of the file, and from various members of Congress and Congressional staff to whom she turned for help in urging the agency to perform its well-established duty to reconstitute.

While petitioner presumably once had a copy of all the relevant papers, petitioner lost the bulk of its files and all its corporate memory after the involuntary commitment of its first president, Mr. Crosby.

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[7] This advice was well taken. See, e.g., *American Steel Foundries v. Robertson*, 269 U.S. 372 (1926); *Feldman & Sons v. Amos and Andy*, 68 F.2d 746 (C.C.P.A. 1934) and cases cited therein.

Petitioner had no paper referring to the opposition when he died, and did not recapture information about what happened in that proceeding until about mid-1984 after its present president, Joan Crosby Tibbetts, had located the aforementioned due diligence letter among the exhibits marked and admitted in evidence at the end of the 1980 trial, and had then educated herself about its meaning. Having no legal training, she was puzzled by its content and spent many months in law libraries educating herself about the Name Clause in §5b of the 1905 Trade-Mark Act (App.96) and its application by the courts.

B. <u>The Period 1949-1979</u>

Petitioner was placed under the management of a succession of "committees" appointed by the Supreme Court of New York County to manage the business affairs of Mr. Crosby under the court's supervision, throughout his involuntary commitment which extended from 1949 through his December 1964 death. These committees were obligated to clear all proposed transactions prior to their completion with the court but did not do so.

After Mr. Crosby's death, his daughter Joan Crosby Tibbetts was appointed administratrix of his estate. One of her first acts in that capacity was to seek estate counsel to advise her, as a non-lawyer, about his assets, including petitioner itself and the properties held by it. Having learned that the firm of Lord, Day and Lord ("LDL") had been in charge of petitioner's day-to-day management from the time of its formation until at least the early to middle 40's, as well as acting as Mr. Crosby's own primary counsel from about 1930

to 1942, she first contacted that firm to help her. Her telephone call was met with rudeness and hostility. LDL asserted that it had a conflict preventing it from representing the Crosby estate because of its then current (1960's) representation of CGR, a major client. When she asked about its possession of files belonging to petitioner, LDL asserted it had none.

Persistent calls to LDL over a ten-year period eventually developed the information, however, that LDL *did* possess files belonging to petitioner but was reluctant to release them to Mrs. Tibbetts and petitioner without first vetting them thoroughly to remove any documents arguably prejudicial to CGR. When some files were delivered to her in 1978, they included nothing that referred or related directly to the 1934 decision.

In 1966 she obtained a substantial body of documents consisting of writings made by her father during his confinement. She learned from reading them that Mr. Crosby was particularly distraught about what he called the "Skippy steal", which related to peanut butter.

She was aware of the CGR peanut butter product being publicly sold under the "Skippy" trademark and tried to find out how this could have occurred. Rose Stein, a lawyer and member of petitioner's final "committee", opined that Mr. Crosby had given permission to CGR to use "Skippy" as a peanut butter trademark in the 30's. Mrs. Tibbetts was very skeptical of this because of its inconsistency with her father's writings in confinement. In her capacity as administratrix she became aware of malfeasance of her

father's committees and authorized the estate counsel she had engaged to file a suit against the last of these committees to invalidate transactions made without requisite court permission. The New York Supreme Court in 1968 ruled in favor of the estate and against the committee, invalidating all unauthorized transactions. As a result, petitioner was reorganized and new officers were installed. Mrs. Tibbetts was elected petitioner's President.

After petitioner's reorganization, a Chicago company called Windy city Features, Inc. ("WCF") endeavored to buy petitioner, or failing that, to obtain an exclusive contract to license and exploit petitioner's comic strip assets with option to buy. This organization also maintained that Mr. Crosby had given permission to CGR to use "Skippy" as a peanut butter trademark, but to induce Mrs. Tibbetts to enter into the exclusive contract, they orally promised to look into the matter and report their findings to her. The contract was consummated in March 1971, but WCF neither looked into the question of CGR's use of the "Skippy" name nor performed on what had been agreed in writing. She terminated the relationship in 1973. About 10 years later, she learned from some of the thousands of exhibits that had been marked and admitted in the 1980 case that WCF was a puppet of CGR.

Following the WCF experience, Mrs. Tibbetts and her husband set out to determine how it came about that CGR was using "Skippy" as a trademark on peanut butter jars. They arranged a visit to CGR headquarters where they met a number of executives over lunch but learned very little. About the same time they learned of a

USPTO record concerning an opposition in which petitioner had been a party and visited the USPTO to find out more. They were shown a ledger that identified the opposition as No. 13,134, named the parties as petitioner and Rosefield Packing Co., Ltd, gave dates of initiation and conclusion and indicated that petitioner won. They also learned that the file of Opposition No. 13,134 had been destroyed in 1965 or 1966 and spent many fruitless hours trying to locate the decision in bound volumes of USPTO decisions and other possible sources.

In 1977 Mrs. Tibbetts wrote to the President of CGR, seeking information about possible exploitation of certain of petitioner's "Skippy" properties and the negotiation of payment for CGR's longtime use of the "Skippy" name on peanut butter. A CGR in-house attorney, Hanes Heller, was thereupon assigned to meet with her and discuss these initiatives. At their first May 1977 meeting he represented that he had with him a complete copy of the opposition file, but refused to show it to her. He also offered to pay her $10, 000 to dissolve petitioner and leave CGR free to negotiate with individual Crosby heirs over whom he said CGR had kept surveillance over for many years.[8] He added that "We tried to settle with your father but he disappeared" and feigned ignorance of Mr. Crosby's involuntary confinement in a mental hospital. Later during telephone conversations, exchange of letters and meetings with her, he told Mrs. Tibbetts that his

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[8] Much later, in 1987, a CGR executive stated that it had been "in court" with the Crosby heirs twenty years earlier, in the New York Supreme Court case where CGR was not a party of record, but was obviously silently supporting the "committee" against the Crosby estate.

company believed it had an incontestable "Skippy" trademark[9] and hence it was unwilling to pay petitioner for use of its name unless some added value could be supplied. Mr. Heller also said that Rosefield, the original registrant of TR 504,940 had "behaved unconscionably" (without stating how) but that the "statute of limitations had run"[10] and CGR now had no liability. All of this was puzzling to Mrs. Tibbetts when she first heard it and continued so until after about mid-1984 when she had found and come to fully understand the due diligence letter.

Eventually Heller offered her $2500.00 for an option to use the "Skippy" comic character in promotional efforts and when she demurred, raised the amount to $25,000.00. When she countered that the LDL-retained documents belonging to petitioner should first be shown to her, he threatened that CGR had considerable influence in Washington and would use it against petitioner if she didn't sign, and thereby release his company's past liabilities to petitioner. Five

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[9] This is the same TR 504,940 that the Court of Appeals for the Fourth Circuit in 1982 held ineligible to become incontestable because a false 15 U.SC. §1065 (App.84) affidavit was tendered to the USPTO to achieve incontestability. See *Skippy, Inc. v. CPC Int'l Inc., supra* 674 F.2d 209, 216. Notwithstanding that ruling, which was never implemented by an order to the Director of the PTO pursuant to 15 U.S.C. §1119 (App.91), the USPTO continues to treat the registration as incontestable--and the court of appeals, when recently advised of the situation, refused the temporary recall of its mandate to enable it to enter the §1119 order belatedly (App.91).

[10] The Lanham Act has never contained a statute of limitations.

months after she signed, the LDL documents were produced. They did not shed light upon the basis for Opposition 13,134 or the grounds upon which it was decided, but they increased her conviction that CGR was liable to petitioner for its unauthorized use of the "Skippy" name and caused her to demand rescission of the option agreement, which Heller refused to discuss. Mrs. Tibbetts then threatened suit against Heller's company and he replied,"We will fight you to the death if you petition to cancel our "Skippy" mark.

C. Petitioner's Interaction With Its Counsel Trattner And The 1980 Suit

Mrs. Tibbetts first met Respondent Trattner in September 1978 as one of the lawyers at a firm she approached, *inter alia,* about suing Heller's company. During the fall of 1978 he impressed her with his thoroughness through countless hours spent in interrogating her about the 1934 opposition, the Crosby estate litigation, LDL, WCF, her conversations and other communication with Hanes Heller, her father's career and his writings in confinement and anything else of possible pertinence to the contemplated suit. Trattner also insisted on, and gained, access to all of the possibly pertinent documents she had at that time been able to collect from any source.

In December of 1978, she asked Trattner to telephone Hanes Heller and try to arrange for a conference at which a last ditch effort at negotiated settlement could be made. In mid-January 1979 he called Heller but it is uncertain what was discussed. The meeting never occurred and Trattner told Mrs. Tibbetts after the call was over, to her surprise, that he

had not yet decided whether to take petitioner's case against Heller's company. Trattner then made phone calls to both Rosefield brothers, who with their father made up the core personnel of Rosefield Packing Co. in 1933-1934, allegedly in a further effort to decide whether to take the case.

In April 1979 Respondent Trattner agreed to take the case, but said the only cause of action on which petitioner could sue was trademark infringement under the Lanham Act and when Mrs. Tibbetts stated that petitioner filed an application in 1978 to reregister "Skippy" featuring a humorous juvenile character, thereby reviving a registration obtained by her father in 1925 which had lapsed in 1945, Respondent Trattner said that they must wait for it to be registered before initiating suit. The registration, No. 1,129,551 was issued January 22, 1980. The complaint for trademark infringement was filed March 14, 1980.

Mr. Trattner behaved peculiarly throughout the 1980 case in numerous respects. He spent countless hours preparing Mrs. Tibbetts to testify wherein he provided specific canned answers to be memorized and advanced in response to certain questions, told her to give only general answers to any but the most specific and detailed of questions, told her not to testify to certain facts, such as Mr. Heller's claim that he had in his briefcase at their first meeting a copy of the file of Opposition 13,134.

When he took depositions of the Rosefield brothers, or executives of Mr. Heller's company and later when he examined LDL partners at trial, Trattner

asked no questions about the 1934 opposition. Nor did he discuss with his client the content of nonconfidential documents obtained in discovery or take steps to acquaint petitioner with the progress of his preparation for trial or the strengths and weaknesses of petitioner's case.

In July 1980 at a motion hearing held shortly before the trial Trattner indicated his intention to file a Rule 37 motion that afternoon, to obtain a copy of the 1934 opposition decision. He never did so.

The 1980 trial consumed 2 ½ days; yet respondent counsel on both sides of the case marked more than 1100 exhibits and moved them into evidence *en masse* in a few minutes at the trial's end, despite repeated warnings that the judge would read only those specifically called to his attention.

Among these documents dumped *en masse* upon the court was the lawyer's due diligence letter prepared *before* the Patent Office records were destroyed, marked as Plaintiff's Exhibit 703. Had the trial judge had any inkling of its content, he could not and would not have held, as he did, that "There was no hearing" (App. 61) in the 1933-1934 opposition to Rosefield's trademark application filed by Skippy, Inc. Nor could he have failed to recognize if he had read the letter, that the opposition decision was final and binding because of petitioner's exclusive property right in its corporate name secured by §5(b) of th 1905 Trade-Mark Act, the "Name Clause".(App.96)

D. The 1986 Cancellation Petition

In February 1982, CGR filed two oppositions (Nos. 65,712 and 65,713) to registration of "Skippy" service marks sought by Petitioner. CGR relied upon TR 504,940 to support its standing to oppose. After Mrs. Tibbetts had become convinced from her legal research of the meaning and value of the lawyer's due diligence letter, she asked two successive lawyers who represented petitioner in the consolidated opposition proceeding to file an amended answer to the oppositions and a petition to cancel TR 504,940, based upon CGR's fraudulent procurement of TR 504,940 as revealed by the facts in the due diligence letter.

One of the lawyers had discovered a conflict between petitioner and a pre-existing client and withdrew immediately. The second lawyer had recently moved into private practice from a trademark examining position in the USPTO. He said the task was too complicated for his level of experience and also withdrew. Mrs. Tibbetts then telephoned Respondent Webner in September 1984, in an effort to persuade him to withdraw his oppositions, based on the facts in the due diligence letter showing TR 504,940 to have been fraudulently acquired, and work out a settlement with plaintiff that would benefit him and his client by removing the serious ongoing fraud on the USPTO that both were maintaining. Webner responded in a rude and surly manner, threatening that she would "pay through the nose" for "anything that injures my reputation". He refused to speak with her further, after stating "the market is set up in such a way that Skippy Inc. will never gain entry".

A third lawyer for petitioner, engaged in early 1985, refused to seek cancellation of TR 504,940 because he feared this would adversely affect his close friendships with various trademark officials in the USPTO. This lawyer persuaded her that petitioner should re-enter the food business so as to piggyback off the goodwill that the original Rosefield theft of petitioner's property right in its "Skippy" name had stolen from petitioner.

All of this led to the filing on April 10, 1986 by Mrs. Tibbetts, acting *pro se* for petitioner, of two petitions to cancel, one directed to TR 504,940 and one (later dropped), to cancel another CGR trademark registration, plus an amended answer in the oppositions asserting as a counterclaim the petition to cancel TR 504,940.

In an order dated May 29, 1986 the USPTO's Trial and Appeal Board refused leave to file the petition to cancel TR 504,940 based on one or both of its Rules of Practice, 37 C.F.R. §2.106(b)(2) (App. 102) or 2.114(b)(2)(App. 103), which are identical but respectively apply to counterclaims in each of trademark oppositions and trademark cancellation proceedings.[11] The Board opined that since the counterclaim was compulsory, it had been waived when not filed in May 1982 when the answer to the oppositions was due. This ignores that petitioner did not even know of the due diligence letter in 1982.

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[11] As explained, *infra*, in the "Reasons", the very existence of these two rules is at odds with the "at any time" language of 15 U.S.C §1064(3), (4) and (5) (App.81) and the *limited* power of the USPTO under 15 U.S.C. §1123 (App.93) to adopt rules.

Mrs. Tibbetts, still acting *pro se*, petitioned the Commissioner of the PTO from this decision, but was told that the issue raised was solely for determination by the Board.

E. The 1986 Litigation

This action was the direct outgrowth of advice that petitioner and Mrs. Tibbetts had been given to re-enter the food market. Petitioner did this in conjunction with a licensee, Pineland Peanut Processors, Inc. ("Pineland") by offering for sale a caramel corn-peanut product packed in specially designed "Skippy" pails decorated with "Skippy figures and symbols, each having a lid bearing the Skippy, Inc. logo designed in 1932.

Petitioner, Pineland and Mrs. Tibbetts were all named as defendants and charged with infringement of TR 504,940, unfair competition and intentional interference with CGR property rights. Pineland settled early and accepted an injunction. Mrs. Tibbetts filed a *pro se* answer but could not obtain counsel for petitioner until about four months after service of the complaint.

In her *pro se* answer, Mrs. Tibbetts raised the affirmative defense of fraudulent procurement of TR 504,94, and petitioner's counsel filed a counterclaim which also raised this issue. Both, however, were dismissed summarily on the ground of *res judicata* flowing from the 1980 decision.

The trial judge remarked, upon looking at the Skippy pail, that it seemed to him that "CPC is reverse piggy-backing off Skippy, Inc." and "turnabout is fair

play", but nevertheless entered a two-part injunction precluding petitioners and Mrs. Tibbetts from (1) offering to license or sell, distribute, advertise or promote a food product and (2) communicating in any way that petitioner has rights in the trademark Skippy or that CGR lack rights in that trademark for food products.

F. Post-1987 Events

The complaint in # 03-1085 is replete with the details of travails suffered by petitioner after 1987, including sustained but unsuccessful efforts to settle with CGR and efforts to conduct a business unencumbered by CGR attempts to prevent or impede it in doing so. These travails are recounted to show that petitioner has not been sleeping on its rights but has at all times, within the limits of its dire financial condition, its need for trained legal assistance and its inability to control such circumstances as the injunction imposed in 1986, sought diligently to be heard relative to the rights it is now pursuing.

G. The Rulings Below

#03-1086 arises from a USPTO TTAB decision (App.46-60) refusing to consider petitioner's cancellation petition on the primary ground of *res judicata* allegedly arising from its 1986 refusal to consider the cancellation petition that Mrs. Tibbetts filed *pro se* in 1986, plus a secondary ground of *res judicata* deriving from the 1980 and 1986 district court decisions.

The district court decision (App.14) affirming the USPTO and refusing to exercise its independent jurisdiction under 15 U.S.C §1121 to hear and decide the effect of the 1934 USPTO opposition decision spring in large part from an apparent conviction by the court that the public interest in removing fraudulently obtained trademark registrations from the Principal Register of Trademarks, discernible from 15 U.S.C. 1064(3), is subservient to its own formulation of "a strong public interest in adjudicating parties' rights to a mark in one proceeding" (App.12) which has no statutory basis.

The decision also mistakenly imputes to petitioner the alleged knowledge of the due diligence letter that its 1980 counsel, Respondent Trattner possessed in 1980, but withheld from petitioner (App. 9,13) and *ignores* that the complaint in # 03-1085 charges this Respondent with participating in a fraud upon both the 1980 court and petitioner, *inter alia*, by his handling of that letter.

In addition, the decision ignores the evidence in the 1980 court opinion (App.62) that the trial judge was ignorant of the content of the due diligence letter(App.77). It further attributes a *res judicata* effect that prevents petitioner from being heard to a release clause in a 1978 "option agreement,"as to which agreement the 1980 trial court opinion specifically held that "the contract between the parties does not contain any covenants not to sue." (App.79) Further ignored is that the petitioner's president was induced to sign the release when CGR, including attorney Heller, *knew* the ground of the 1934 opposition decision, but petitioner and its president *did not*.

In #03-1085 the complaint seeks to set aside the 1980 and 1986 judgments under the several equity powers of the federal courts, as the product of a continuing fraud on the district court, and seeks a new trial plus other appropriate relief.

The district court relied primarily upon the alleged *res judicata* effects of the 1980 and 1986 cases to dismiss (App. 26,27,29,30), but additionally invoked alleged failure to assert the fraudulent procurement of TR 504,940 as a compulsory counterclaim in 1986 (App. 28,29) and alleged time bars (App.24,31) as further reasons. In so doing, it once again necessarily imputed to petitioner whatever knowledge of the content of the 1954 lawyer's due diligence letter that Respondent Trattner possessed in 1980, even though Trattner withheld it from his client and the 1980 court.

The compulsory counterclaim ruling ignores both Mrs. Tibbetts' *pro se* affirmative defense in 1986 and the counterclaim that petitioner's counsel filed in that case, both of which raised the fraudulent procurement by CGR of TR 504,940. It also ignores that petitioner's counsel withdrew on the day of the 1986 trial, leaving petitioner and Mrs. Tibbetts powerless to appeal because of lack of funds to hire new counsel, and because her husband was terminally ill.

REASONS WHY THE WRIT SHOULD BE GRANTED

I. An Overly Rigid, Kneejerk Application of *Res Judicata* Invites and Fosters Fraud

Even as strict justice is harsh if not appropriately tempered by mercy, overly rigid, unyielding judicial and administrative adherence to *res judicata* is an open invitation to the unscrupulous to devise ever more ingenious techniques for committing fraud, and effecting coverups of information essential to a fair hearing.

This Court so stated in *Brown v. Felsen*, 442 U.S. 127, 132 (1979), relied upon in both district court opinions below, as follows (App.9, 26)

"Because res judicata may govern grounds and defenses not previously litigated, however, it blockades unexplored paths that may lead to truth. For the sake of repose, res judicata shields the fraud and the cheat as well as the honest person. It therefore is to be invoked only after careful inquiry."

In a similar vein, the Fourth Circuit Court of Appeals in *In re: Microsoft Antitrust Litigation*, #03-1871 (decided January 15, 2004) cautioned that collateral estoppel, an acknowledged " subset of the *res judicata* genre"--and particularly the "offensive" form of collateral estoppel--should be invoked cautiously because a great potential for harm may attend its inappropriate application. As the court of appeals

emphasized throughout the cited opinion, one of the prerequisites to application of offensive collateral estoppel is that the party to be estopped must have had a fair and full opportunity to be heard at trial.

Unfortunately, inadequate attention currently is being paid by many lower courts to whether a party potentially estopped by *res judicata* has ever had a full and fair opportunity to be heard. The central difficulty attending the kneejerk attribution of *res judicata* to the 1980 case, which both courts below clearly made in the two actions now before this Court, is that petitioner could not possibly have had a fair trial in 1980 for at least two reasons:

(1) The basis for the 1934 opposition decision, petitioner's exclusive property right in its own name, which should have controlled the outcome of the case, was concealed[12] The presumption that a

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[12] "Concealed" is the proper term here, because a single document presented to a busy court in a mass of some 1100 premarked exhibits, without any specific effort to mention it or otherwise attract the court's attention to it *is* concealed. As the court in *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F. 2d 1556, 1573 (Fed Cir 1983) *cert. den.*, 469 U.S. 857 (1984) observed in a wholly parallel situation,

> "we regard the court's conclusion of law that he was "fully informed of all the factors material to the patentability of the methods claimed", as unrealistic.... The conclusion...rests solely on the presentation to him of a mountain of largely irrelevant data from which he is *presumed* to have been able, with his expertise and with adequate time, to have found the critical data."

critical document which is marked in evidence is known to a court is wholly unrealistic when the mass of material being dumped on that court at one time is proportionately huge and the document has never been identified to the court and stressed as important. So viewed, such a presumption is another invitation to, and nurturer of, fraud from the court and the plaintiff, petitioner here, throughout the case.

(2) Thereby lacking any realistic factual foundation to build upon, the 1980 court was disempowered to afford a fair hearing to the petitioner and the case is not a fair and realistic basis upon which to estop petitioner from being heard anew.

In the context of the two cases before this Court, where misplaced worship of speed, efficiency and judicial or administrative convenience have subverted standards of truth, honesty and fairness, petitioner's rights have repeatedly been given short shrift. In this atmosphere, the public interest objectives which are an important component of the Lanham Trademark Act, are likewise not being served. An example of such an objective that is glaringly ill-served is that of attaining,

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Indeed, the postulated presumption of ability to find hidden material information in a mass of documentary material *also presumes* that the seeker knows what he is looking for and has the time to recognize it and understand its content.

and then maintaining, the integrity of the Principal Register of Trademarks established by 15 U.S.C. §§1051-1072 inclusive. Achieving integrity of that register is problematic so long as arbitrary rules adopted for administrative convenience restrict the open-ended "at any time" right to seek cancellation of the fatally flawed types of trademark registrations defined in 15 U.S.C. §1064(3). This brake upon the statutory right of cancellation insures that some unknowable number of badly tainted registrations will always pollute the Register. Petitioner, caught in the maelstrom of automatic judicial and quasi-judicial subservience to *res judicata,* has never had any opportunity, let alone a fair one, to be heard on its *real case* against respondent Lipton and its predecessors in *any* tribunal. The two cases before the Court present a prime example of how *res judicata,* applied automatically rather than with care, perpetuates fraud.

II. The Words "At Any Time" in 15 U.S.C. §1043(3) Have "A Plain and Unambiguous Meaning"

Marshak v. Treadwell, 240 F.3d 184 (3d Cir. 2001), is in direct conflict with both (1) those rulings below which condone the USPTO's adoption of "compulsory counterclaim rules" that limit the "at any time" language of 15 U.S.C. §1064(3) (App.81) and (2) those rulings below that effectively condone the use of time bars or *res judicata* to foreclose a hearing on the merits at "any time" of a cancellation petition that is premised on fraudulent procurement of a trademark registration.

Marshak relies on well founded principles of statutory construction and the historical origins of the language "at any time" in 15 U.S.C. §1064 (3) to conclude that this language, "at any time", means exactly what it says. It then gilds this conclusion by superimposing upon it the *public* interest in the integrity of the Principal Register of Trademarks--an interest that is simultaneously both transcendent over, and complementary to, the interests of any specific person, such as petitioner, who has suffered severe damage from the effects of another's fraudulently procured trademark. *Marshak* thereby shows that *both* interests are best served by recognizing the full scope of §1064(3)'s plain language.

The Third Circuit's elegantly simple conclusion that "at any time" means precisely what it says is in stark contrast to the USPTO compulsory counterclaim rules. Those rules, 37 C.F.R. §§2.106(b)(2) and 2.114(b)(2) (App.102-103) cannot complement a statute permitting cancellation to be sought at any time, when--as happened in #03-1086-- they can so readily be wielded to change "at any time" to its diametric opposite of "never", thus ensuring that *some* fraudulent procurement claims against trademark registrations are forever barred from being heard. The necessary concomitant--that some fraudulently procured marks can stay upon the register in perpetuity--is repugnant to the very notion that there is a public interest in the *integrity* of the Register.

The premise that *res judicata* may *preclude* cancellation "at any time", of a fraudulently procured or otherwise fatally flawed registration, even though the particulars of a fraud claim sought to be presented

were *never* previously considered, is equally as destructive of both §1064(3)'s "at any time" requirement and the public interest that it was, at least in part, intended to serve.

That such jarringly inconsistent results relative to cancellation of fraudulently procured trademarks can readily be arrived at, so long as the *Marshak* interpretation of §1064(3), the PTO compulsory counterclaim rules and the inflexible *res judicata* rules followed below are allowed to coexist (and may hence be randomly applied by the courts or the agency) unfortunately reveals the notion of the *integrity* of the Register as only a dream with little hope of achievement at present. Both the courts and the USPTO clearly are in need of this Court's guidance about how to remedy this unfortunate situation, and that guidance is respectfully requested.

III. 15 U.S.C. §1123 and the Compulsory Counterclaim Rules

15 U.S.C. §1123 (App.93) defines the quantum of power that Congress has seen fit to grant to the USPTO to make rules for the conduct of trademark cases before the agency as *limited* to rules which are "not inconsistent with law". The compulsory counterclaim rules are plainly incompatible with 15 U.S.C. §1064(3) if "at any time" in the statute means what it says, as petitioner believes it *must* in a rational world. Hence the cited rules *are* inconsistent with law.

The story behind the adoption of the two rules is one of agency power that has run amok. Briefly stated, during the 1970's the USPTO, acting in concert with its

TTAB, purported to "adopt" Federal Rule of Civil Procedure 13(a) to compel assertion of cancellation claims as compulsory counterclaims in *inter partes* trademark proceedings.

In *Thuron Industries v. The Conard Pyle Co.*, 579 F.2d 633, 637 (C.C.P.A. 1978) the court reviewed this adoption and ruled it was invalid because the TTAB had no authority to do this, citing 15 U.S.C. §1123. The agency thereupon drafted the present rules and published them, together with a 12-page supporting commentary, on January 22, 1981, commencing at 46 Fed Reg.6934. This commentary fails to come to grips with the fact that the compulsory counterclaims then proposed, adopted April 1, 1981 and still in force, *necessarily* constitute an arrogation of power never delegated to the agency *because* they impose limitations on 15 U.S.C. §1064's(3) "at any time" provision.

The pertinent statutes adopted by Congress, 15 U.S.C. §§1064(3) and 1123, quite clearly lead one to the conclusion that Congress's goal for the USPTO in this instance was to insure that *all* petitions to cancel trademark registrations on grounds set forth in 15 U.S.C. §1063(4), *whenever* brought, (i.e., "at any time") *should* be fully and fairly considered and ruled upon in furtherance of first achieving, and later preserving, the integrity of the Principal Register of Trademarks.

IV. The Complaint in #03-1085, An Independent Action Brought Under The Savings Clause of Federal Rule of Civil Procedure 60(b) Should Be Reinstated

The dismissal of the complaint in #03-1085 was made in the district court (App.15) and affirmed by the court of appeals in a summary order (App.3). This dismissal rests mainly on the same technical ground of *res judicata* discussed in preceding subsections of this "Reasons" section. Additional reasons given were failure to file a compulsory counterclaim under Federal Rule of Civil Procedure 13(a) in the 1986 case and alleged time bars.

The nub of the factual basis for the complaint in #03-1085 is the same as that in #03-1086--namely, the fraud and deceit that CGR have practiced on petitioner in one form or another, ever since the 1934 USPTO decision recognizing petitioner's exclusive property right in its name, and petitioner's resulting right to be heard on whether TR 504,940 and its trademark progeny must be cancelled for fraudulent procurement.

The district court's dismissal opinion, (App.15), as affirmed summarily, is fundamentally flawed and in conflict with *at least Conley v. Gibson,* 355 U.S. 41, 45-46 (1957) and countless decisions from circuit courts of appeals that follow *Conley*. *No* consideration was given, at either the district court or the appellate level, to whether, *beyond doubt,* the plaintiff could prove *no* set of facts in support of its claim that would entitle it to relief--yet the pleaded facts, which must be taken as true under Rule 12(b)(6) clearly show a substantial

claim for unfair competition based on a continuing tort of stealing petitioner's corporate *persona,* bit by bit, extending up to the present time.

V. 15 U.S.C. § 1119 Clearly Requires That The Court of Appeals Perform Its Duty to Implement Its 1982 Ruling that the 15 U.S.C. §1065 Affidavit Filed in TR 504,940 is False

Petitioner moved in C.A 80-250-A (81-1043L) for temporary recall of the court of appeals 1982 mandate in *Skippy, Inc., v. CPC Int'l, supra,* to allow that court to enter the 15 U.S.C. §1119 order, certified to the director of the USPTO, that is necessary to ensure that USPTO records correctly reflect the court's own 1982 ruling (reversing its district court) that the 15 U.S.C. §1085 affidavit filed to achieve "incontestable" status for TR 504,940 is false.

In so moving, petitioner demonstrated that respondent Webner in 1985 wrongfully induced the USPTO to believe that the court of appeals had restored TR 504,940 to presumptively "incontestable" status by the act of *vacating, instead of reversing,* the district court's declaratory judgement that the registration is incontestable--and that, accordingly the USPTO continues to treat TR 504,940 as incontestable . That court refused to set aside the mandate temporarily and thereby perforce also refused to comply with 15 U.S.C. §1119.

The language of 15 U.S.C. §1119--"Decrees and orders *shall* be certified to the Director" of the USPTO--is peremptory. Petitioner urges that the court of appeals has a duty to comply with this statute *now,*

notwithstanding its no doubt inadvertent failure to make timely compliance in 1982. This Court's guidance on this point is needed and is hereby requested.

CONCLUSION

The petition should be granted and a writ of certiorari duly issued to petitioner.

Respectfully submitted,

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